

EXHIBIT "A"
PHYSICIAN COMPENSATION

A. Compensation.

Provided that the terms and conditions set forth in the Agreement are met, Physician shall during the period beginning with the Effective Date the annual aggregate compensation will be comprised of the components in Section B.

In the event Physician's medical staff privileges at Saint Vincent Health Center are placed on potential suspension due to Physician's failure to comply with such facility's professional requirements concerning maintenance of medical records, Employer shall provide Physician with notice of such suspension, and Physician shall remedy such potential suspension prior to actual suspension. If Physician fails to remedy any such potential suspension of medical staff privileges, Physician Compensation hereunder shall be reduced by one day's Salary per day of such suspension. For repeated violations of either Saint Vincent Health Center or Employer's medical records standards and policies, Physician may be subject to suspension of duties and/or reduction of compensation upon the sole discretion of the Chief Medical Officer, until Physician has remedied said deficiencies. Physician shall be personally and solely responsible for any fines levied by the Medical Staff due to failure to comply with Medical Staff policies.

Payroll policies as of the execution of this Agreement include a 2-week payroll cycle. In the event (a) Physician files and is approved for unpaid leave under The Family and Medical Leave Act of 1993, 29 U.S.C. § 2601 et seq., or (b) Physician begins to receive short- or long-term disability insurance payments through Employer's disability insurance coverage, Physician's monthly "draw" shall be discontinued effective as of the end of the month during which such leave is approved or disability payments are made and shall be reinstated as of the first payroll period after Physician's return to employment hereunder.

B. Aggregate Compensation

Pursuant to Section A and in consideration of the duties and obligations described herein, Physician shall be compensated as described below, collectively "Aggregate Compensation."

Compensation is distributed to Physician based on the following plan components:

- (I) Work Effort "Pool 1" Component: Physician shall receive compensation based on Physician's work effort, defined as total work relative value units ("wRVUs") multiplied by a calculated dollar (\$) per wRVU plus total Panel Size multiplied by a calculated dollar (\$) per Panel Member
- (II) Quality "Pool 2" Component: Physician shall receive compensation based on Physician's ability to achieve metrics related to quality, citizenship, patient satisfaction, and operating efficiency and in an amount equal to Physician's total wRVUs multiplied by a calculated dollar (\$) per wRVU
- (III) Administrative Component: Physician shall receive as compensation a length of service stipend whereby Physician is paid a fixed dollar amount per year of employment, up to a set maximum amount and, where applicable, a benefit from supervision of a mid-level provider

I. Work Effort "Pool 1" Component.

Physician's Pool 1 Component will be calculated as follows:

Actual Physician wRVUs x calculated (\$) per wRVU + Actual Physician Panel Members x calculated (\$) per Panel Member.

- wRVUs are defined as values assigned to each CPT code, which take into account the expected physician time, skill, training, and intensity required to perform the procedure. wRVUs are set nationally by the Centers for Medicare and Medicaid ("CMS"). Panel Size is defined as the count of unique patients ("Panel Members") seen by a single physician in a rolling 24 month period.
- The calculated (\$) per wRVU and calculated (\$) per Panel Member are set forth on an annual basis by the Medical Group, based on Medical Group actual fiscal year performance, defined as the net result of total Medical Group revenues supported by a fixed system contribution less total Medical Group expenses, multiplied by a percent allocated to Pool 1. Percents are set annually prior to the beginning of each fiscal year by the Saint Vincent Compensation Committee and approved by the Saint Vincent Managing Board. Pool 1 is sub-divided such that a set percent of Pool 1 is distributed based on wRVUs and a set percent of Pool 1 distributed based on panel size.
- wRVU distribution
 - Monies made available for distribution by wRVUs are allocated to each specialty such that, when divided by the specialty's total wRVUs, it achieves a calculated (\$) per wRVU for that specialty. Each specialty's (\$) per wRVU is set at the same percent of its specialty's Median compensation to wRVU ratio based on the most recent Medical Group Management Association ("MGMA") Physician Compensation and Production Survey.
- Panel Size distribution
 - Monies made available for distribution by Panel Size are divided by the specialty's total Panel Members to derive a calculated (\$) per panel member

Sufficient monthly reporting of work effort data will be made available and reviewed with Physician.

II. Quality "Pool 2" Component.

Physician's Pool 2 Component will be calculated as follows:

Actual Physician wRVUs x calculated (\$) per wRVU x Percent achievement of Metrics.

- Pool 2 Metrics are set annually prior to the beginning of each fiscal year by the Saint Vincent Quality and Operations Committee and approved by the Saint Vincent Managing Board.
- A physician is eligible to receive Pool 2 compensation if he or she meets two threshold measures set annually by the Saint Vincent Quality and Operations Committee and approved by the Saint Vincent Managing Board.
- If a physician meets both threshold measures, he or she is eligible to earn Pool 2 compensation in an amount equal to his or her wRVUs multiplied by a (\$) per wRVU calculated as the result of Total Pool 2 Compensation, as further defined in this paragraph, divided by total group wRVUs. Total Pool 2 Compensation is set forth on an

annual basis by the Medical Group, based on Medical Group actual fiscal year performance, defined as the net result of total Medical Group revenues supported by a fixed system contribution less total Medical Group expenses, multiplied by a percent allocated to Pool 2.

Sufficient quarterly reporting of Pool 2 data will be made available and reviewed with Physician.

III. Administrative Component

- **Length of Service ("LOS") stipend.** Physician is eligible for a LOS stipend equal to the number of years Physician is employed by Medical Group multiplied by a set dollar amount per year, up to \$10,000 annually. Years of employment are determined at the end of the fiscal year and are defined in 12-month increments. Compensation available for LOS distribution is set annually prior to the beginning of the fiscal year by the Saint Vincent Compensation Committee and approved by the Saint Vincent Managing Board. For physicians in the guaranteed compensation period of Agreement pursuant to Section A, the LOS stipend accrues and is eligible for distribution at the end the initial period.
- **Mid-level Supervision Compensation.** In the event that Physician utilizes a mid-level provider for the extension of physician services, Physician incurs the net benefit (deficit) of the mid-level, assuming the mid-level is beyond his or her first year of employment. This net benefit (deficit) is assessed using the "excess of net revenue over expenses" of the mid-level. "Excess net revenue over expenses" of mid-level is calculated using the annual net revenue of mid-level less a 40% overhead allocation applied to total operating expenses in which the Physician practices less mid-level salary and benefits. Any net benefit from this calculation is treated as additional compensation to Physician and is paid out at the end of the fiscal year. Any net deficit from this calculation is treated as a reduction to Physician's compensation and assessed at the end of the physical year. In the event that the calculation results in a net deficit during the Physician's guaranteed compensation period of Agreement, the mid-level deficit is carried forward and assessed against future net benefits until naught. In the event that more than one physician utilizes the mid-level's services during the time period, the physician allocation is split between physicians based on a predetermined mid-level supervision percentage.

C. Aggregate Compensation Plan Administration

- (a) **Salary Draw.** A salary draw will be established, subject to modification as described (g) below, for Physician up to the total amount of compensation earned in the prior plan year. This salary draw will be paid to Physician in biweekly installments for payroll administration.
- (b) **Monthly Reports.** On a monthly basis, Physician will receive a summary of compensation plan earnings based on the components aforesaid. In addition, Physician will be provided with a service analysis report. These reports will include sufficient data so as Physician can understand current Physician and Medical Group performance and any issues that may be happening.
- (c) **Quarterly Settlement.** Each quarter, Physician will receive a settlement that reconciles actual work performed to trending group performance for the quarter. The quarterly settlement will be provided within thirty (30) days of quarter's month-end close.
- (d) **Annual Reconciliation.** At the end of the fiscal year, Physician will receive a final settlement that reconciles annual Pool 1 performance to Medical Group's actual

performance, settles any withholds, distributes Pool 2 incentive monies based on actual Medical Group performance, and distributes any earned stipends and mid-level provider benefit. The final annual settlement will be provided within thirty (30) days of year-end close.

- (e) **Compensation in Excess of Salary Draw.** If calculated compensation earned is greater than the salary draw paid, the difference will be paid in the next pay period following the Physician's submission of the signed "Reconciliation Payment Form".
- (f) **Compensation Less than Salary Draw – Deficit Carryover.** If calculated compensation earned is less than the salary draw paid then the physician may elect to carry such deficit forward for one quarter.
- (g) **Compensation Less than Salary Draw – Salary Draw Adjustment.** If calculated compensation earned is less than the salary draw paid for two successive quarters then the physician shall meet with the Executive Director or his or her designee to establish a revised salary draw in order to eliminate the deficit by the end of the following quarter.
- (h) **Availability of Quality and Administrative Metric Performance Data.** In the event that data is unavailable during the first and second quarter of the compensation plan year, while data is being collected with respect to the quality and administrative components, the physician shall be credited with the full amount of the incentive. Beginning in the third quarter (or earlier if data is available), the Physician's actual quality and administrative metric performance will be reflected in the calculation of the total compensation.